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HARTFORD FOUNDATION FOR PUBLIC GIVING

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

HARTFORD FOUNDATION FOR PUBLIC GIVING

CONTENTS

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Independent Auditors' Report

To the Board of Directors
Hartford Foundation for Public Giving
Hartford, Connecticut

We have audited the accompanying financial statements of Hartford Foundation for Public Giving, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hartford Foundation for Public Giving as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating activity are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
April 11, 2018

HARTFORD FOUNDATION FOR PUBLIC GIVING

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Investments, at Market Value		
U.S. equities	$ 347,219,006	$ 336,859,796
International equities	302,598,410	211,246,256
Fixed income	193,217,987	201,995,266
Alternative investments	60,123,076	52,977,834
Emerging market equities	69,118,231	54,474,078
Cash equivalents	51,696,282	43,967,982
Split-interest agreements	8,404,573	7,765,356
Other investments	404,730	404,730
Total investments	1,032,782,295	909,691,298
Other Assets		
Cash	3,477,618	3,008,023
Accrued investment income	1,495,578	1,185,202
Contributions receivable - split-interest agreements	2,902,705	2,753,431
Property and equipment, net	1,751,916	357,603
Other assets	399,963	289,837
Total Assets	$ 1,042,810,075	$ 917,285,394
LIABILITIES AND NET ASSETS		
Liabilities		
Grants and other payables	$ 29,210,885	$ 29,769,713
Annuity liability	2,226,900	2,320,782
Agency endowments	3,723,948	3,435,385
Other liabilities	595,155	384,115
Total liabilities	35,756,888	35,909,995
Net Assets		
Unrestricted net assets	32,355,753	25,842,126
Temporarily restricted net assets	974,697,434	855,533,273
Total net assets	1,007,053,187	881,375,399
Total Liabilities and Net Assets	$ 1,042,810,075	$ 917,285,394

The accompanying notes are an integral part of the financial statements

HARTFORD FOUNDATION FOR PUBLIC GIVING

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support						
Donations and bequests	$ -	$ 16,689,982	$ 16,689,982	$ -	$ 13,601,126	$ 13,601,126
Investment income, net of investment and trustees fees of $762,278 in 2017 and $736,202 in 2016	804,714	14,879,033	15,683,747	699,351	13,231,239	13,930,590
Change in value of split-interest agreements and other assets	258,225	718,704	976,929	(55,695)	194,468	138,773
Net assets released from restrictions	45,215,144	(45,215,144)	-	42,261,296	(42,261,296)	-
Other revenues	184,951	355,167	540,118	271,590	449,026	720,616
Total revenues, gains and other support	46,463,034	(12,572,258)	33,890,776	43,176,542	(14,785,437)	28,391,105
Expenses						
Program expenses:						
Grants authorized, net	34,426,053	-	34,426,053	33,363,605	-	33,363,605
Related program activities and Foundation administered projects	3,448,363	-	3,448,363	3,368,973	-	3,368,973
Funds transferred out	376,200	-	376,200	101,950	-	101,950
Management and general:						-
Operating expenses	7,481,152	-	7,481,152	7,892,606	-	7,892,606
Total expenses	45,731,768	-	45,731,768	44,727,134	-	44,727,134
Increase (Decrease) in Net Assets Before Realized and Unrealized Appreciation on Investments and Other Assets	731,266	(12,572,258)	(11,840,992)	(1,550,592)	(14,785,437)	(16,336,029)
Realized and Unrealized Appreciation on Investments and Other Assets, Net of Investment and Trustees Fees of $4,818,910 in 2017 and $4,073,411 in 2016	5,782,361	131,736,419	137,518,780	1,984,573	40,681,192	42,665,765
Increase in Net Assets	6,513,627	119,164,161	125,677,788	433,981	25,895,755	26,329,736
Net Assets - Beginning of Year	25,842,126	855,533,273	881,375,399	25,408,145	829,637,518	855,045,663
Net Assets - End of Year	$ 32,355,753	$ 974,697,434	$ 1,007,053,187	$ 25,842,126	$ 855,533,273	$ 881,375,399

The accompanying notes are an integral part of the financial statements

HARTFORD FOUNDATION FOR PUBLIC GIVING

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash Flows from Operating Activities		
Increase in net assets	$ 125,677,788	$ 26,329,736
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation expense	212,944	154,290
Realized and unrealized appreciation of investments and other assets	(137,518,780)	(42,665,765)
Loss on disposal of property and equipment	2,770	-
(Increase) decrease in operating assets:		
Accrued investment income	(310,376)	(118,664)
Contributions receivable - split-interest agreements	(788,491)	649,835
Other assets	(110,126)	57,729
Increase (decrease) in operating liabilities:		
Grants and other payables	(558,828)	2,698,691
Annuity liability	(93,882)	(172,240)
Agency endowments	288,563	97,124
Other liabilities	211,040	12,014
Net cash used in operating activities	(12,987,378)	(12,957,250)
Cash Flows from Investing Activities		
Purchases of investments	(380,841,427)	(456,412,196)
Proceeds from sales of investments	395,908,427	469,382,817
Purchases of property and equipment	(1,610,027)	(363,859)
Net cash provided by investing activities	13,456,973	12,606,762
Net Increase (Decrease) in Cash	469,595	(350,488)
Cash - Beginning of Year	3,008,023	3,358,511
Cash - End of Year	$ 3,477,618	$ 3,008,023

The accompanying notes are an integral part of the financial statements

NOTE 1 - DESCRIPTION OF THE FOUNDATION

Hartford Foundation for Public Giving (the Foundation) is a community foundation serving the Greater Hartford area. As a community grantor, the Foundation accepts applications from not-for-profit organizations and agencies in need of financial assistance. The Foundation's affairs, including its grant making, are governed by an 11-member Board of Directors.

The financial statements of the Foundation include the combined accounts of the various funds held in trust for, or by, the Foundation and the assets of HFPG, Inc., and HFPG Special Assets, Inc. (exempt not-for-profit corporations), component organizations whose purpose is substantially identical to the Foundation and whose Board members are also members of the Board of the Foundation. HFPG, Inc., and HFPG Special Assets, Inc., were established to provide the Foundation greater flexibility in receiving donations and managing investments. HFPG, Inc., had total assets of $442,204,994 and $384,843,585 and net assets of $425,965,859 and $365,450,238 as of December 31, 2017 and 2016, respectively. HFPG Special Assets, Inc., had no net assets as of December 31, 2017 and 2016.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Foundation are reported in the following categories:

Unrestricted Net Assets
These net assets are defined as assets that are free of donor-imposed restrictions and include all investment income and appreciation not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets
These net assets include contributions, unconditional promises to give and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Foundation. This classification includes investment income and appreciation, which can be expended but for which restrictions have not yet been met. Included in the temporarily restricted net assets are charitable remainder trusts, a charitable lead trust, pooled income funds and contributions receivable. This classification also includes accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure.

Permanently Restricted Net Assets
These net assets include the historic dollar value (fair market value at time of the gift) of contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. The Foundation does not have any permanently restricted net assets as of December 31, 2017 and 2016, as described in Note 7.

Endowment Fund Management and Variance Power

To ensure observation of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are managed as individual charitable funds according to their nature and purpose. Endowment funds are subject to the restriction of the gift instruments. Funds consist of the assets held in trust for, or by, the Foundation, the assets of HFPG, Inc., and certain other funds. The endowment assets held subject to the Foundation's Resolution and Declaration of Trust and subject to HFPG, Inc.'s Certificate of Incorporation are intended by the Board of Directors to be treated similarly for accounting and legal purposes. Such endowment and other funds are subject to both variance power (the unilateral power, pursuant to federal regulations, to modify any restriction or condition if it becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community) and limited invasion of corpus power. The Foundation's and HFPG, Inc.'s governance documents describe the criteria and limited circumstances under which these powers would be exercised.

Gifts and bequests received by the Foundation are accounted for and managed for endowment recordkeeping in certain categories described below:

Endowment
The Foundation's endowment funds consist of original assets and undistributed investment return on endowment funds. The Foundation makes distributions of investment return (i.e., interest, dividends and appreciation or depreciation) from these funds in accordance with the spending formula and subject to the Resolution and Declaration of Trust.

Other
Other funds consist of the Foundation's operating funds for grants and administration, plant funds, charitable gift annuities, charitable remainder trusts, pooled income funds, amounts internally designated for future grant making, and certain unspent investment return from designated and donor-advised funds.

Agency Endowments

The Foundation maintains assets under certain agency endowments with unrelated organizations. The amounts held but not yet distributed totaled $3,723,948 and $3,435,385 at December 31, 2017 and 2016, respectively, and are included on the statements of financial position in agency endowments. Amounts distributed under these relationships totaled $116,473 and $119,372 in 2017 and 2016, respectively. In accordance with the policy adopted by the Board of Directors, the Foundation does not accept contributions that would establish a new agency endowment fund.

Cash

The Foundation maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Foundation's deposits are not subject to significant credit risk.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized appreciation (depreciation) on investments and other assets includes the Foundation's gains and losses on investments bought and sold as well as held during the year.

Bank of America, the trustee bank, holds all the investments for the trusts established on behalf of the Foundation in a variety of investment vehicles, including mutual funds and separate accounts. Trust Company of Connecticut, a division of First Niagara Bank, is also named a trustee bank. All of the investments of HFPG, Inc., are held in a variety of investment vehicles, including mutual funds and separate accounts, held in custody by Northern Trust Company and State Street Bank and Trust Company of Boston, Massachusetts.

Donated Assets

Donated marketable securities and other assets are recorded as contributions at their estimated fair values as of the date of donation.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives, which range from 3 to 10 years. The Foundation follows the practice of capitalizing all expenditures for capitalizable property and equipment in excess of $1,000.

Contributions

The Foundation accounts for its contributions received as follows:

Contributions Received
Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are scheduled to be received after the fiscal year end are shown as temporarily restricted support and reclassified to unrestricted net assets when the time restriction is met. Contributions whose restrictions are met in the same fiscal year are recorded as unrestricted support. Conditional promises to give to the Foundation are not included as support until such time as the conditions are substantially met.

Split-Interest Agreements
The Foundation's split-interest agreements with donors consist of charitable gift annuities, charitable remainder annuity trusts, charitable remainder unitrusts, a charitable lead annuity trust and pooled income funds. Assets recognized under split-interest agreements are recorded at fair value. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements. The present value of payments to beneficiaries under these arrangements is calculated using discount rates ranging from 2% to 8%. Such rates represent risk-free rates in existence at the date of gift. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the value of split-interest agreements in the statements of activities.

Donations relating to split-interest agreements of $60,570 in 2017 and $361,718 in 2016 were recognized as temporarily restricted support. During December 31, 2017 and 2016, several split-interest agreement income beneficiaries passed away, and the remaining assets, totaling $140,702 and $954,891, respectively, reverted to the Foundation.

Bequests

Bequests are recorded as support when all events required for the transfer of the assets from the estate of the donor to the Foundation have occurred and the probate court has issued an order to transfer.

Fundraising Expenses

Fundraising expenses were $1,287,680 and $1,178,712 for the years ended December 31, 2017 and 2016, respectively, and are included in operating expenses in the statements of activities.

Income Taxes

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) as an organization other than a private foundation; however, the Foundation is subject to federal income tax on any unrelated business taxable income.

Measure of Operations

The Foundation's measure of operations, as presented, includes all changes in net assets except for realized and unrealized appreciation on investments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties

The Foundation invests in a variety of investments, including debt and equity securities, and alternative investments. These investments are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is at least reasonably possible that these factors will result in changes in the value of the Foundation's investments that could materially affect amounts reported in the financial statements.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements in order for them to be consistent with current year presentation.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through April 11, 2018, which represents the date the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

The components of property and equipment as of December 31, 2017 and 2016, are summarized as follows:

	2017	2016
Buildings and improvements	$ 2,245,152	$ 952,547
Furniture and equipment	568,480	453,636
	2,813,632	1,406,183
Less accumulated depreciation	1,061,716	1,048,580
	$ 1,751,916	$ 357,603

Depreciation expense of $212,944 and $154,290 was recognized for the years ended December 31, 2017 and 2016, respectively.

NOTE 4 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1
Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2
Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3
Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy.

Financial Instruments Measured at Fair Value

The following is a description of the valuation methodologies and investment strategies used for assets measured at fair value:

Equity
Certain equity is valued at the closing price reported in the active market in which the individual securities are traded. Other equity is valued using the net asset value as reported by the investment manager of the fund. This net asset value is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date. This investment class seeks to provide long-term capital appreciation. Equity managers are selected with the objective of building a portfolio that is diversified by geographic region, economic sector, industry and market capitalization. The objective in selecting equity managers is to generate average annual compounded returns that exceed the relevant broad market indices (i.e., the S&P 500, the Russell 1000, MSCI EAFE and MSCI World), net of fees, over full market cycles (5-10 years). The redemption period for these investments ranges from daily to monthly with 30 days' written notice.

Fixed Income
Certain fixed income is valued at the closing price reported in the active market in which the individual securities are traded. Other fixed income is valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings. This investment class seeks to provide current income from a broad range of U.S. and global fixed income securities, be an important source of liquidity for distribution for current expenses and create some measure of diversification. The redemption period for these investments ranges from daily to quarterly with 15 days' written notice.

Alternative Investments
The following alternative asset strategies include investments in private equity fund-of-funds and real assets:

Private Equity
Interests in private equity are valued using net asset values determined by the investment manager of the fund in accordance with the procedures outlined in each respective limited partnership agreement. This net asset value is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date. The primary objective of these investments is to produce over their economic horizons an annualized return net of all costs that exceeds the annualized return produced over the same time period by the broad U.S. stock market. The funds seek to achieve these objectives by investing either directly in or via secondary purchases of privately offered funds that employ venture capital and buyout strategies. These investments are deemed to be illiquid.

Real Assets
Interests in real assets are valued using net asset values as determined by the investment manager of the fund in accordance with written policies and procedures. The net asset value is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date. To help guard against inflation risk, the Foundation invests in real assets that are normally expected to rise in value as inflation fears rise and actual inflation increases. The objective of this investment is to provide long-term total return in excess of an equal-sector-weighted version of the S&P Goldman Sachs Commodity Index, by investing in commodity-related instruments. The redemption period for these investments is monthly.

Cash Equivalents
Cash equivalents are valued at the quoted net asset value of shares held by the Foundation at year end.

Split-Interest Agreements
Fair value inputs used for split-interest agreements are based on the estimated present value of the future payments to the Foundation, which is considered to be the fair value of the assets held in trust.

Other Investments
Included in other investments is real estate received through donation. This investment is presented at its estimated fair value as determined by independent appraisals.

Annuity Liability
The fair value of the annuity liability is based on the 2000 CM mortality tables.

There have been no changes in the methodologies used at December 31, 2017 and 2016.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of December 31, 2017 and 2016:

		Fair Value Measurements Using			
Description	**December 31, 2017**	**Level 1**	**Level 2**	**Level 3**	**Assets Valued at NAV (a)**
Assets:					
U.S. equities	$ 347,219,006	$ 284,275,896	$ -	$ -	$ 62,943,110
International equities	302,598,410	48,345,961	-	-	254,252,449
Fixed income	193,217,987	-	86,280,120	-	106,937,867
Alternative investments:					
Private equity	50,483,925	-	-	-	50,483,925
Real assets	9,639,151	-	-	-	9,639,151
Emerging market equities	69,118,231	-	-	-	69,118,231
Cash equivalents	51,696,282	51,696,282	-	-	-
Split-interest agreements	8,404,573	3,159,726	-	-	5,244,847
Other investments	404,730	-	404,730	-	-
Total investments	1,032,782,295	387,477,865	86,684,850	-	558,619,580
Contributions receivable - split-interest agreements	2,902,705	-	-	2,902,705	-
Subtotal	1,035,685,000	387,477,865	86,684,850	2,902,705	558,619,580
Less cash equivalents	(51,696,282)	(51,696,282)	-	-	-
Total Assets at Fair Value	$ 983,988,718	$ 335,781,583	$ 86,684,850	$ 2,902,705	$ 558,619,580
Liabilities:					
Annuity Liability at Fair Value	$ 2,226,900	$ -	$ -	$ 2,226,900	$ -

Description	December 31, 2016	Fair Value Measurements Using Level 1	Level 2	Level 3	Assets Valued at NAV (a)
Assets:					
U.S. equities	$ 336,859,796	$ 271,078,451	$ -	$ -	$ 65,781,345
International equities	211,246,256	63,415,694	-	-	147,830,562
Fixed income	201,995,266	-	107,021,423	-	94,973,843
Alternative investments:					
Private equity	33,342,949	-	-	-	33,342,949
Real assets	19,634,885	10,721,260	-	-	8,913,625
Emerging market equities	54,474,078	-	-	-	54,474,078
Cash equivalents	43,967,982	43,967,982	-	-	-
Split-interest agreements	7,765,356	2,886,900	-	-	4,878,456
Other investments	404,730	-	404,730	-	-
Total investments	909,691,298	392,070,287	107,426,153	-	410,194,858
Contributions receivable - split-interest agreements	2,753,431	-	-	2,753,431	-
Subtotal	912,444,729	392,070,287	107,426,153	2,753,431	410,194,858
Less cash equivalents	(43,967,982)	(43,967,982)	-	-	-
Total Assets at Fair Value	$ 868,476,747	$ 348,102,305	$ 107,426,153	$ 2,753,431	$ 410,194,858
Liabilities:					
Annuity Liability at Fair Value	$ 2,320,782	$ -	$ -	$ 2,320,782	$ -

a. Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

There were no transfers between levels of investments during the years ended December 31, 2017 or 2016.

The following is a summary of the commitments and redemption rights of investments in entities that calculate net asset per share:

Description	Fair Value	Unfunded Commitments	Redemption Terms	Redemption Restrictions
U.S. equities	$ 62,943,110	$ -	Monthly	30 days written notice
International equities	254,252,449	-	Monthly	2-30 days written notice
Fixed Income	106,937,867	8,767,034	Monthly	5-15 days written notice
Private equities	50,483,925	22,493,794	Illiquid	Illiquid
Real assets	9,639,151	-	Illiquid	Illiquid
Emerging market equities	69,118,231	-	Monthly	10-30 days written notice
Split-interest agreements	5,244,847	-	Illiquid	Illiquid
Total	$ 558,619,580	$ 31,260,828		

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets and liabilities for the years ended December 31, 2017 and 2016:

	Contributions Receivable - Split-Interest Agreements	Annuity Liability
Balance - January 1, 2016	$ 2,673,396	$ 2,493,022
Change in value of split-interest agreements	80,035	(172,240)
Balance - December 31, 2016	2,753,431	2,320,782
Change in value of split-interest agreements	149,274	(93,882)
Balance - December 31, 2017	$ 2,902,705	$ 2,226,900

Financial Instruments Not Measured at Fair Value

The carrying amounts of cash, contributions receivable and grants payable approximate their fair value because of the short-term nature of these instruments. There have been no changes in the methodologies used at December 31, 2017 and 2016.

NOTE 5 - ANNUITY CONTRACT AND RETIREMENT BENEFIT PAYABLE

The Foundation established a 457(b) Deferred Compensation Plan for the benefit of a former employee and funds the plan annually and is the sole owner of the assets of the plan. Distributions will be made upon severance from employment, but no later than April 1st of the calendar year following the calendar year in which the employee attains age 70-1/2.

The Foundation also established a 457(f) nonqualified Deferred Compensation Plan for the benefit of a former employee and funds the plan annually and is the sole owner of the assets of the plan. Upon termination of employment or disability, if the participant does not violate the terms of the agreement, the amount credited to the account shall be payable in two installments. The first payment shall be made one year after the participant's last day of employment with the Foundation and shall equal one half of the balance in the account as of that date. The second payment shall be made two years after the participant's last day of employment with the Foundation and shall be equal to the remaining balance in the account.

The amounts funded and the liability accrued for these plans are recorded in other assets and other liabilities on the statements of financial position.

NOTE 6 - EMPLOYEE BENEFIT PLAN

The Foundation sponsors a noncontributory defined contribution employee benefit plan in which the Foundation makes contributions based on each employee's level of compensation at the discretion of the Foundation's Board of Directors. For the years ended December 31, 2017 and 2016, the Board authorized contributions to the plan at the rate of 10% of each eligible employee's compensation. An employee must have at least one year of service to be eligible for the plan. Employees are immediately 100% vested in the Foundation's contributions. The Foundation contributed $516,138 and $518,337 to the plan for the years ended December 31, 2017 and 2016, respectively.

NOTE 7 - ENDOWMENT

The Foundation's endowment consists of approximately 1,200 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation would classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets would be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by CTPMIFA. In accordance with CTPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

In accordance with the provisions, donor-restricted endowment funds subject to the limited invasion of corpus over time may be an endowment fund within the meaning of CTPMIFA, but is not a permanent endowment fund subject to classification as permanently restricted net assets. A significant portion of the Foundation's endowment funds, as authorized under the Foundation's governing documents and gift instruments, are held subject to both variance power and limited invasion of corpus power and, as such, are classified as temporarily restricted net assets.

Endowment Net Assets

Changes in endowment net assets for the years ended December 31, 2017 and 2016, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - January 1, 2016	$ 25,408,145	$ 829,637,518	$ -	$ 855,045,663
Investment income	699,351	13,231,239	-	13,930,590
Investment losses	1,984,573	40,681,192	-	42,665,765
Total investment return	2,683,924	53,912,431	-	56,596,355
Contributions	-	13,601,126	-	13,601,126
Appropriation of endowment assets for expenditure	(1,828,220)	(42,261,296)	-	(44,089,516)
Other changes:				
Appropriated funds from prior year	(637,618)	-	-	(637,618)
Other revenue	271,590	449,026	-	720,616
Change in value of split-interest agreements and other assets	(55,695)	194,468	-	138,773
Total other changes	(421,723)	643,494	-	221,771
Endowment net assets - December 31, 2016	25,842,126	855,533,273	-	881,375,399
Investment income	804,714	14,879,033	-	15,683,747
Investment gains	5,782,361	131,736,419	-	137,518,780
Net investment return	6,587,075	146,615,452	-	153,202,527
Contributions	-	16,689,982	-	16,689,982
Appropriation of endowment assets for expenditure	(1,788,896)	(45,215,144)	-	(47,004,040)
Other changes:				
Unexpended funds appropriated	1,272,272	-	-	1,272,272
Other revenue	184,951	355,167	-	540,118
Change in value of split-interest agreements and other assets	258,225	718,704	-	976,929
Total other changes	1,715,448	1,073,871	-	2,789,319
Endowment Net Assets - December 31, 2017	$ 32,355,753	$ 974,697,434	$ -	$ 1,007,053,187

Amounts classified as temporarily restricted net assets (endowment only) at December 31, 2017 and 2016, are as follows:

	2017	2016
Temporarily restricted net assets:		
Endowment funds subject to time restriction	$ 967,429,940	$ 848,850,756
Charitable remainder trusts, charitable lead trust, pooled income funds and contributions receivable	7,267,494	6,682,517
Total Endowment Funds Classified as Temporarily Restricted Net Assets	$ 974,697,434	$ 855,533,273

Spending Formula

With a few exceptions, all funds are managed in accordance with a spending formula based upon the total return concept, which emphasizes total investment return, consisting of investment income and realized and unrealized gains and losses. There are certain funds that, based upon donor's intent, are not considered in this spending formula. Under this spending formula, a distribution of investment return is provided for program support that is independent of the cash yield and appreciation of investments in that year. The Foundation has adopted this spending formula designed specifically to stabilize annual spending levels and to preserve the real value of the fund portfolio over time.

The Foundation's spending policy limits spending to 5% of the 20-quarter trailing average, subject to a floor of 4.25% of current assets and a ceiling of 5.75% of current assets. The Board of Directors continues to examine the limit on spending. The Foundation does not consider appreciation or depreciation on endowment investments or realized gains and losses as a component of its operations as presented in the statements of activities. Total investment gains (losses) (i.e., investment income or loss net of all investment fees, net realized and unrealized gains or losses on investments, and change in value of split-interest agreements) totaled approximately $154.2 million and $56.7 million for the years ended December 31, 2017 and 2016, respectively.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historic dollar value as referenced in CTPMIFA. Funds with deficiencies of this nature were $15,018 and $169,635 as of December 31, 2017 and 2016, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the Foundation's long-term spending needs adjusted for inflation while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 8 - GRANTS

Grants are recorded as expenses when authorized by the Board of Directors and committed to a specified recipient and all material conditions have been satisfied by the recipient.

As of December 31, 2017 and 2016, grants payable are committed as follows:

	2017	2016
Due within one year	$ 27,472,705	$ 27,963,820
Due in one to five years	1,738,180	1,805,893
	$ 29,210,885	$ 29,769,713

For the years ended December 31, 2017 and 2016, the Foundation cancelled previously authorized grants of $220,026 and $407,703, respectively. Grant cancellations are recorded in other revenues in the statements of activities.

NOTE 9 - RELATED PROGRAM ACTIVITIES AND FOUNDATION ADMINISTERED PROJECTS

The financial statements include certain funds that the Foundation manages on behalf of several special projects and a related organization. As of December 31, 2017 and 2016, the net assets of these funds totaled $355,228 and $489,984, respectively. Contributions recognized on behalf of the related organization were $-0- and $132 for the years ended December 31, 2017 and 2016, respectively.

Related program activities represent the activities of certain special projects and related organizations for which the Foundation provides certain administrative support. The special projects and the related organization, and their costs, are as follows:

	2017	2016
Special projects:		
Nonprofit Support Program	$ 1,392,079	$ 1,469,019
Community Schools Initiative/ Education	1,161,412	948,901
Early Childhood Investments	659,528	344,419
Small Agencies Program	130,587	80,068
Adult Literacy/Career Pathways Initiative	104,757	159,488
Brighter Futures Initiative	-	258,923
	3,448,363	3,260,818
Related organization:		
Hartford Area Childcare Collaborative	-	108,155
Related Program Activities and Foundation Administered Projects	$ 3,448,363	$ 3,368,973

The costs of these activities are charged to the funds and are reflected as related program activities on the statements of activities.

NOTE 10 - LEASE COMMITMENTS

The Foundation leases a facility under an operating lease. During 2016, the lease was renewed for ten years and expires in 2026. Rent expense under this lease totaled $403,150 and $596,455 for the years ended December 31, 2017 and 2016, respectively. Future minimum lease payments under the lease that has a remaining term in excess of one year are as follows:

Year Ending December 31	
2018	$ 487,281
2019	489,942
2020	502,056
2021	514,173
2022	526,289
Thereafter	2,226,310
	$ 4,746,051

HARTFORD FOUNDATION FOR PUBLIC GIVING

SCHEDULES OF OPERATING ACTIVITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Revenues		
Trust fund income transferred to operations	$ 8,325,047	$ 8,068,725
Management and General Expenses		
Salaries and wages	5,782,408	5,649,715
Communications/marketing	632,215	611,755
Professional fees	500,083	815,768
Office expense	407,525	441,103
Occupancy	403,150	596,455
Depreciation	212,944	154,290
Allocation to special initiatives	(457,173)	(376,480)
Total management and general expenses	7,481,152	7,892,606
Excess of Revenues over Expenses	$ 843,895	$ 176,119